

China's Rise: Making Sense of EU Responses

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Abstract

Contemporary European views of, and responses to, the rise of China are predominantly informed by perspectives from international political economy. China is seen as a fast-rising economic powerhouse which could potentially threaten European interests. As such, China's rise is greeted with much awe and some fear. Many European scholars and analysts alike tend to see relations with China as a dichotomous choice between promoting (material) economic relations or promoting (normative) idealist interests of human rights and democracy. Belatedly, they are beginning to recognize China's strategic weight but are unable to agree on how to deal with China coherently. This paper suggests that at the root of European unease and divisions about China's rise, is the unfinished and unclear issue of what 'Europe' is, Europe's own vision of world order, and the role of Europe in that order. In other words, the broader problem is that of the EU's identity.

Keywords:

EU-China relations, EU identity, economic relations, idealist interests, strategic partnership, G3

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Quand la Chine s'éveillera, le monde tremblera
 (When China awakes, the world will tremble)
 quote attributed to Napoleon²

Introduction

For decades, European scholarship on China was dominated by sinologists who studied China's civilization, language or history, but lacked expertise on its contemporary politics or economics.³ Compared to research and scholarship on China in the United States, Japan or Australia, European expertise on China was neglected and patchy aside from a few centers of excellence in France, Germany, the UK, the Netherlands and Scandinavia. This neglect started to change in the late 1980s with the emergence of EU-China relations as something other than a 'secondary relationship' derived from ties the European states or Chinese had with the US or USSR during the Cold War.⁴

Contemporary European views of the rise of China are predominantly informed by perspectives from international political economy (IPE).⁵ China is seen as the fast-rising economic powerhouse which could potentially threaten European interests. As such, China's rise is viewed in Europe with much awe and fascination, along with some fear. IPE perspectives are also supplemented by – though often less obviously so – by strategic perspectives that recognize China as a fast-rising power that could eventually eclipse the US as the predominant world power. A critical strand in the puzzle is how Europe (or rather, different state and institutional actors within the EU) perceive of the role that Europe should play in a world where the traditional and most important ally (the United States) is seen as declining relative to China. Various state and EU actors (eg France, Germany, Italy, the European Commission, EADS) have privileged forming a 'strategic partnership', 'techno-political alliance' or even 'emerging axis' between the EU and China.⁶ Other EU-related actors (the UK, Poland, Scandinavian states,

² Alain Peyrefitte, *Quand la Chine s'éveillera* (Paris: Fayard, 1973).

³ J.-P. Cabestan, "Studies of Chinese Politics in Europe", in R. Ash, D. Shambaugh, & S. Takagi (eds), *China Watching: Perspectives from Europe, Japan and the United States* (Abingdon and New York: Routledge, 2007): 99-131.

⁴ See Michael Yahuda, "The significance of a secondary relationship", in T. Robinson & D. Shambaugh (eds), *Chinese Foreign Policy: Theory and Practice* (Oxford: Clarendon Press, 1994): 266-282; and D. Shambaugh, *China and Europe: 1949-1995* (London: SOAS/Contemporary China Institute, 1996).

⁵ Reuben Wong, "An Anatomy of European and American perspectives on China in the International System", in C. R. Vogt (ed), *Europe and China: Strategic Partners or Rivals* (Hong Kong: Hong Kong University Press, 2012): 95-112.

⁶ See N. Casarini, *Remaking World Order: The Evolution of Europe-China Relations and its*

European Parliament) have cautioned against getting too close to an illiberal regime. Still others have cited the very real dangers to EU-US relations that a strategic partnership might entail.⁷

Many 'China hands' in Europe tend to see relations with China in stark, dichotomous terms where promoting economic relations (or "material" interests) with China competes with promoting idealist values (or "normative" interests) of human rights and democracy.⁸ Others castigate the EU for its lack of consistency and coherence in its foreign policy towards China.⁹

This paper argues that the EU's Manichean view of its options towards China is short-sighted and misleading. At the root of European unease and divisions about China's rise, is the unfinished and unclear issue of Europe's own vision of world order, and the role of Europe in that order. That the European Union is not a single political entity, nor even a coherent supranational entity, but a creature with a mix of supranational and national competences, is part of the institutional problem which has been discussed by many scholars elsewhere.¹⁰ The broader problem is that of the EU's identity, which has a huge impact on its relations with China.

How have Europeans constructed their sense of themselves, their integration project, their purpose and role in the world order, and the values they wish to promote in the world? Although no longer automatically taking its cue from the US, the EU is still schizophrenic in its approaches to China's rise.¹¹ This paper focuses on debates within the EU over two issue-areas - trade and strategic approaches to China. It suggests that the EU still has not defined a coherent identity (or set of identities) with which to engage a rising China in an effective and credible manner. But beneath the institutional questions is the more

Implications for East Asia and the United States (Oxford: Oxford University Press, 2009); and Stanley Crossick, "Rise of China and Implications for the European Union" (Singapore: EAI, 2006).

⁷ Bates Gill, "The United States and the China-Europe relationship", in D. Shambaugh, E. Sabschneider and H. Zhou (eds), *China-Europe relations: Perceptions, Policies and Prospects* (Routledge, 2008): 270-286.

⁸ See K. Barysch, G. Grant and M. Leonard, *Embracing the Dragon: The EU's Partnership with China*, (London: Centre for European Reform, 2005); and John Fox and François Godement, *A Power Audit of EU-China Relations* (London: European Council on Foreign Relations, 2009).

⁹ Guy de Jonquières, "Wanted: a European China Policy", *CNN World*, on <http://globalpublicsquare.blogs.cnn.com/2012/09/04/wanted-a-european-china-policy/>, September 4, 2012, retrieved September 10, 2012.

¹⁰ Christopher Hill, "The Capability-Expectations Gap, or Conceptualising Europe's International Role", in *Journal of Common Market Studies*, 31/1, 1993: 306-328.

¹¹ Stanley Crossick, "Rise of China and Implications for the European Union"; Barysch, et al, *Embracing the Dragon*; Reuben Wong, "An Anatomy of European and American perspectives on China in the International System", in C. R. Vogt, *Europe and China: Strategic Partners or Rivals* (Hong Kong: Hong Kong University Press 2012): 95-112.

fundamental issue of what Europe stands for, and what its relationship to dominant world powers (whether it is the US or China) should be.

1. Interdependence, Trade and Economic Power

Probably the predominant way most Europeans look at China today is through the international political economy (IPE) perspective. This casts China as a trade and economic superpower, together with the USA (and EU) as the most important actors and “poles” in the world economy. EU elites, public opinion, scholars and corporations alike are impressed by the sheer size, growth and potential of the Chinese economy, and the degree of interdependence to which the EU and China have become enmeshed since China’s opening in 1978. From the time diplomatic relations were established in 1975 and trade started under the TCA of 1978, EU trade with China and China’s share of world GDP have increased exponentially. China’s economy is expected to overtake the US and the EU in size by 2020 (Table 1).

	1980	1990	2000	2010	2020	2030
EU	29.6	27.1	25.1	20.8	18.6	15.6
China	2.0	3.55	7.2	13.3	17.7	22.7
USA	22.5	22.6	23.6	20.2	18.3	16.6
Japan	7.9	9.1	7.6	5.9	4.6	3.6
India	2.2	2.8	3.6	5.2	6.9	8.7

Table 1: Share of world GDP (1980-2030) (% at PPP) – Selected trade powers

Sources: 1980-2010 figures from IMF World Economic Outlook Database, 2010; 2020-2030 projections from Casarini 2009:60 [drawing on EIU (2008), IMF 2008, II Sole 24 Ore (November 2008)]

From the 1990s, IPE perspectives began conceptualising of the relationship between the three protagonists as an increasingly tripolar condominium. With the US portrayed as a declining hegemon, and China, the fast-rising challenger, the three actors are seen as the major actors dominating trade and global governance in fora such as the World Trade Organization (WTO), the IMF, World Bank, and new ad hoc groupings (such as the G20), in order to discuss problems and coordinate solutions to international trade and finance issues.¹² In addition, China

¹² Reuben Wong, “An Anatomy of European and American perspectives on China in the International System”, in C. R. Vogt, *Europe and China: Strategic Partners or Rivals* (Hong Kong: Hong Kong University Press 2012): 95-112; Michael Smith and Xie Huaixian, “The EU, China and the United States: Complex Interdependence and Bi-Multilateralism in Commercial Relations”, Paper presented at the annual ISA

is part of economic groupings from which the EU is excluded – G2, BRICS, ASEAN+3, APEC, East Asia Summit – to name a few.

European scholars like Christopher Dent have characterized the EU's relations with China as essentially an "economic relationship."¹³ But this perspective of China as an economic power, is relatively recent. It did not take off until years after China's economic opening under Deng Xiaoping. A 1978 bilateral agreement negotiated by the European Commission, created the EC-China Joint committee. The 1985 EC-China Trade and Cooperation Agreement (TCA) quickly became the most institutionalized component of the EC's interactions with China. The 1978 agreement was the first trade agreement concluded by the EC with a communist country. The cornerstone of the 1978 and 1985 Trade Agreements was the most-favored nation (MFN) clause. Notwithstanding the leading role of the Commission, especially in the 1980s and 1990s, in EC-China economic relations, Article 14 in the 1985 TCA reserved the right of the member states to conclude bilateral economic arrangements with China. This article allowed for a high degree of intra-EC competition between members states which jostled for a piece of the China market and would support their 'national champions' in large-scale tenders as well as to court Beijing in a bid for political favours for their individual national industries.¹⁴

Many scholars have argued that the driving forces behind EU interests in China, are essentially economic motives, usually pursued nationally rather than on the European level. In practice, the Commission was the engine within the EC (the EU from 1991) in developing various forms of economic cooperation with Beijing.¹⁵ China was seen as a vast economic opportunity, potential market of over one billion consumers, and the largest holder of US Treasury bonds. China is not only a colossal market for Western goods and services, and the world's manufacturing factory. It also redeploys its trade surpluses into buying American (mainly) and European sovereign bonds.

Many European "China hands" were preoccupied with questions about how to integrate post-Mao China into the global capitalist system. In particular, such a quest appears to have informed the European Commission's trade policies towards

meeting, New York, February 15, 2009.

¹³ Christopher Dent, *The European Union and East Asia: An Economic Relationship* (London: Routledge, 1999).

¹⁴ More background on the development of European economic relations with China is found in Reuben Wong, "Towards a Common European Policy on China?: Economic, Diplomatic and Human Rights Trends since 1985", *Current Politics and Economics of Asia*, 17(1), 2008: 155-82.

¹⁵ Harish Kapur, *Distant Neighbours: China and Europe* (London: Pinter Publishers, 1990), ch.9; Reuben Wong, *The Europeanization of French foreign policy: France and the EU in East Asia*, (Basingstoke and New York: Palgrave Macmillan, 2006), p. XX.

China in the 1980s and 1990s. This was a period when the European Community held the balance of power, and could afford to be generous towards China. For example, the Community's decision to include China in a preferential agreement with effect from January 1, 1980, involved full exemption from customs duty for all industrial goods and for partial exemption for certain processed agricultural products exported to developed countries.¹⁶

From the mid-1990s to about 2005, the EC emphasized commerce with China over political or strategic relations. In July 1995, European Trade Commissioner Sir Leon Brittan unveiled the EU's new initiative, A Long-Term Policy for China. The 1995 China strategy paper followed on the Commission's 1994 Towards a New Asia Strategy initiative but placed even more attention on China as a "cornerstone in the EU's external relations, both with Asia and globally." The 1995 paper recognized the "rise of China as unmatched amongst national experiences since the Second World War. The two papers, drafted by the Commission and approved by the Council, followed roughly similar positions taken by Germany and Britain. They both emphasized economic relations and looked upon China as a "cornerstone" of the EU's "New Asia Policy".¹⁷

However, the EU has also responded with misgivings and some protectionist tendencies to China's continued economic expansion and rapid rise as a trading power in the first decade of the 21st century. The ever-widening trade deficit the EU suffered with China has also fueled calls not to extend Market Economy Status (MES) to China.¹⁸ After China's tortuous 17 years of negotiations to gain entry into the WTO in 2001, the EU sought ways to deny full MES status to China ahead of the automatic deadline of 2016. Since 2006, the Commission has been less sanguine about China and more interested in other issues apart from promoting trade with China. It has started to criticize political and human rights conditions in China (EC 2006). In March 2006, the EU imposed high duties on leather shoe imports from China. Later that month, the EU and US issued a joint complaint for the first time against China at the WTO, for maintaining illegal trade barriers against auto parts. EU Trade Commissioner Peter Mandelson noted in May 2006 that China "is the biggest single challenge of globalization in the trade field".¹⁹

Many WTO members, including member states of the EU, had insisted that

¹⁶ Kapur, *Distant Neighbours*,: 149-150.

¹⁷ European Commission, 1994, "Towards a New Asia Strategy", Communication from the Commission to the Council, COM (94) 314 final, Brussels.

¹⁸ MES would make it more difficult for the EU to file anti-dumping complaints against China at the WTO. See Kim 2010.

¹⁹ Cited in Bates Gill, "The United States and the China-Europe relationship", in David Shambaugh, E. Sandschneider and Zhou Hong (eds), *China-Europe Relations: Perceptions, Policies and Prospects* (Routledge, 2008): 276..

China remain classified as a 'non-market economy' when China entered the WTO in 2001. This classification would expire at the end of 15 years, i.e. in 2016. This classification was important because it would make it easier for other WTO members to impose anti-dumping measures on Chinese exports. But China argued that Market Economy Status (MES) had already been granted to Russia even though Russia was not a member of the WTO, nor did it have an economy that was obviously freer than China's. Meanwhile, China has become the EU's leading target for anti-dumping measures at the WTO. In 2002, measures were taken against Chinese steel exports, and in 2005, against Chinese textiles and clothing. The prospect of cheap Chinese products invading the EU became a political issue in certain EU member states (France, Spain, Portugal, Italy, Spain). Others (Sweden, the UK, Germany) backed consumer groups and corporate interests (such as H&M, C&A), knowing that these corporations that have been importing many of their products from China would be hurt if anti-dumping measures or quotas were imposed. Indeed, China and the EU have thus found themselves in conflicts over trade deficits, intellectual property rights, quotas, protectionism, and the EU's refusal to grant MES to China.²⁰

A G3 in the Making?

Close economic interdependence between the EU, China and the US has now made intense coordination between the three actors a *sine qua non* in the management of the world economy, especially since 2007 with economic crises in the West and Japan triggered by the sub-prime crisis in the US. The EU has become China's largest or second largest trading partner from 2007 to the time of writing (May 2013), and China continues to be important to the EU not only in trade terms, but also as a buyer and holder of European bonds. The idea of an economic "triad" is thus considered as a distinct and welcome prospect in the management of global financial issues and problems, especially following China's new role in helping to manage world financial crises.²¹

European states pay attention to Beijing's intentions and actions as China is now an important trade and financial power and holder of European debt—as

²⁰ See Miguel Otero-Iglesias, 'Currency Wars' between the US and China: Where does the EU Stand?, Paper prepared for the conference "The EU, the US and China: Towards the New International Order?" College of Europe, Bruges, Belgium, 22-23 April 2011; David Zweig and Chen Zhimin (eds), *China's Reforms and International Political Economy* (New York: Routledge, 2007); and Soo Yeon Kim, *Power and the Governance of Global Trade: From the GATT to the WTO* (Cornell University Press, 2010).

²¹ Chen Zhimin et al (eds), *Zhongguo, meiguo yu ouzhou: xin san bian guanxi zhong de hezuo yu jingzhen* [China, the US and Europe: Cooperation and Competition in a New Triangular Relationship] (Shanghai Publishing House, 2011); Stanley Crossick, "China, EU and US: Holy Trinity or Ménage à Trois?" on www.crossick.blogactiv, 2009, accessed March 1, 2010.

witnessed by the red-carpet treatment giving to visiting Chinese government and central bank leaders to Spain and Portugal in 2010, and the attempts by Sarkozy, Merkel and Klaus Regling (the European Financial Stability Facility (EFSF) head), to persuade Beijing to buy EFSF bonds and securities in 2011.²² With the Greek economy on the brink of bankruptcy, and the dangerous prospect of the loss of confidence spreading to other southern euro zone countries like Italy, China was deemed one of the major potential sources of funds when the EFSF was set up. But with the economic relationship becoming more equal now and China holding over US\$3.2 trillion in foreign currency reserves, China is likely to negotiate hard with the EU for concessions (not only MES, but also the arms embargo) in exchange for helping the EU at critical junctures of the euro crisis.²³

Meanwhile, discussions about a Transatlantic Free Trade Area (TAFTA) which had started in the 1990s, have been resuscitated. President George W. Bush and European leaders had established the Transatlantic Economic Council in 2007 to work on some of the same issues – which proved politically difficult to execute.²⁴ In his second term, President Obama has given strong support to a joint White House-European Union committee in a bid to create a massive US-EU free-trade area - pulling half the world's economic output into a zone of lowered tariffs and coordinated regulation.

Obama has pushed for a Transatlantic Trade and Investment Partnership (TTIP) with the EU during his 2013 State of the Union address. The TTIP may signal that the US and EU are moving towards each other into a politically committed US-EU collective, against the backdrop of China's emergent growth and denser US-China economic relations.²⁵ The resuscitation of TAFTA as TTIP, arguably suggests that the US is signaling to China its determination to maintain a continued US-EU leadership in the world economy. The European Commission, conscious of the anxiety TTIP negotiations may create in China, has been at pains to reassure Beijing of the EU's intentions, and to stress that a TTIP would not be achieved at China's cost. The European Commission even floated the idea of an EU-China investment agreement on 23 May, just two days after its Trade Commissioner

²² Otero-Iglesias, 'Currency Wars'; Chen Zhimin, "Since we're equal, it's time for give and take", *China Daily European Weekly*, September 30, 2011, on http://europe.chinadaily.com.cn/epaper/2011-09/30/content_13826264.htm, accessed November 1, 2011.

²³ Chen, "Since we're equal, it's time for give and take".

²⁴ *Washington Post*. "As developed world struggles, talk of a U.S.-E.U. trade deal intensifies." December 13, 2012.

²⁵ See John Peterson, Riccardo Alcaro and Nathalie Tocci, "Multipolarity and Transatlantic Relations: Multilateralism and Leadership in a New International Order," paper presented at 13th Biennial European Union Studies Association Conference, Baltimore. May 9-11, 2013

spoke of the TTIP in New York.²⁶ But TTIP negotiations may have just given the EU a golden opportunity to play a critical role between the US and China at a time when the euro crisis has made the EU look weak and increasingly irrelevant in the world economy.

2. EU-China 'Strategic Partnership'?

A second aspect of EU-China relations which is hotly debated, is the occasional attempt by some quarters in the EU to promote a 'strategic partnership' with China. This not only provokes debates within the EU, but also in the US and East Asia. Of course, European attempts to use China as strategic leverage go back at least to the Cold War and the 1970s, when China was wooed by both the US and the European Community to contain Soviet expansionism.²⁷ After the Cold War however, American scholars and policy analysts have tended to focus on China's rapidly rising power as the most serious challenger and "threat" to a US-dominated international system. Meanwhile, a growing number of European analysts – after the initial shock of Tiananmen in 1989 – have privileged the thesis of the EU and China as alternative poles in an emerging world order.²⁸ This gained momentum under the perceived unilateralism of US foreign policy under President George W. Bush (2001-8), but has not been able to gain dominance in an EU that values human rights and democracy, and is unable to risk Washington's displeasure even as it attempts to forge strategic relations with Beijing.

Two recent cases to illustrate the confused European responses to China's geopolitical rise are the UNCHR debacle in 1997-98, and debates over lifting the arms embargo in 2003-5. In the first episode, the attempt resulted in a diplomatic victory for China as the EU failed to pursue a coherent common position on human rights at the UN Commission on Human Rights in 1997. In the second episode, a 'strategic partnership' was declared in the autumn on 2003, but by the

²⁶ See conciliatory references to China in Karel De Gucht, "The EU-US Transatlantic Trade and Investment Partnership", transcript of speech by European Commissioner for Trade at the Council on Foreign Relations, New York City, May 21, 2013; and European Commission, "Commission proposes to open negotiations for an investment agreement with China", Brussels, May 23, 2013.

²⁷ Reuben Wong, "Perspectives on China's relations with the European Union", in E. Kavalski, *Ashgate Research Companion to Chinese Foreign Policy* (Farnham: Ashgate, 2012): 205.

²⁸ Chinese Foreign Ministry, *China's EU Policy Paper*, 2003; French Foreign Ministry, *Déclaration conjointe Franco-chinoise pour un Partenariat global*. (Paris: French Foreign Ministry, 1997).

summer of 2005 this was in tatters because some EU leaders announced that the EU was going to lift the arms embargo against China, but failed to do so in the face of US (and intra-EU) opposition.

1997-98 Human Rights Debate

The 1997-98 series of events showed that some member states (eg. France) were willing to think 'strategically' enough about China's economic rise and growing political weight to engage with China as an equal and to envisage other ways of engaging China's human rights issues minus the 'name and shame' approach that the EU had used almost annually at the UN from 1989 to 1996.²⁹ President Chirac and Foreign Minister Hubert Védrine had since 1997 talked about a multipolar world in which the EU and China would contribute to global stability.³⁰

In many ways, this was an approach which was before its time. China was not yet a member of the WTO as it was still under the shadow of the Tiananmen massacre of 1989, and was in the process of regaining sovereignty over Hong Kong (on 1 July, 1997). The EU did not have a military doctrine or even a plan to create a separate military capability outside of NATO (which it did under the European Security and Defence Policy, first mooted at the Anglo-French summit in St Malo in December 1998). What did exist of Europe's role in Asia, was a patchwork of national (mainly British and French) military agreements and minor bases in Southeast Asia, the South Pacific and Indian Oceans.³¹ 1998 was also the year that the EU inaugurated (in London under Blair's premiership) annual summits with China, another indication of EU recognition of China's growing heft.

Rise and Fall of Strategic Partnership, 2003-05

The publication of the Chinese Foreign Ministry's first-ever "Policy Paper" in May 2003 offered evidence that European attempts to court Beijing were bearing fruit. In its "EU Policy Paper", Beijing noted that "the EU was an important international player and that the single European currency and the EU enlargement process enhanced Brussels' weight in international affairs". Although "twists and turns" in China-EU relations existed, neither side perceived the other as a security threat, and both shared fundamentally similar views and interests on trade and world order.³² The 2003 paper ended with a paragraph calling on the EU to

²⁹ Wong, "Towards a Common European Policy on China", 155-82.

³⁰ Hubert Védrine, "De l'utilité de la France", *Politique Internationale*, 78, 1998 :41-64; Wong, "An Anatomy of European and American perspectives on China", 103.

³¹ Paul Stares and Nicolas Régaut, "Europe's Role in Asia-Pacific Security", *Survival* 39/4, 1999: 117-139.

³² Chinese Foreign Ministry. *China's EU Policy Paper*, 2003; Wong "Perspectives on China's relations with the European Union", 207.

end its ban on arms sales to China and to promote greater bilateral cooperation in defence. Over the following year, prominent European leaders, including French President Jacques Chirac and German Chancellor Gerhard Schroeder, announced their support for lifting the ban. At the 7th EU-China Summit in December 2004, the EU committed to work towards the lifting of the embargo. Even the inter-governmental Council of the European Union (where skeptical member states like the UK, Netherlands and Nordic states could express their reservations), approved a joint statement and called on the EU presidency to “finalize the well-advanced work in order to allow for a decision (on the embargo) and “underlined that the result of any decision should not be an increased of arms exports to China, neither in quantitative or qualitative terms”.³³

But the EU-China “strategic partnership” could not become a reality without the blessings of the United States. In the ensuing months, frenzied attempts took place in Washington (both within the Executive and between the White House and Congress), and between EU capitals and Washington to strike a compromise that included a new and stronger trans-Atlantic framework on arms exports controls if the ban was lifted. With acrimony between Washington and Paris and Berlin over the 2003 US invasion of Iraq still fresh, and Capitol Hill threatening legislation to limit arms procurement cooperation with European partners, the White House progressively gave up the compromise approach for a more hardline position. President Bush, in his February 2005 trip to Europe, expressed “deep concern” that lifting the embargo would unsettle the balance across the Taiwan Strait, and warned European leaders of the consequences of transferring high technology to China’s military.³⁴

Several critics in the US saw in the planned EU action “an example of European mercantilism in action, currying favour with China for preferential commercial treatment and to open up a new arms market for European weaponry”.³⁵ Even more extreme, still others accused France of seeking to balance the US on the global stage by pursuing closer relations with China.

Europe’s strategy in an Asia-centric world

Benito Ferrero-Waldner, the EU Commissioner for External Relations, had in 2005 remarked that in the EU’s view, three major issues would dominate the political agenda in East Asia. They were: (a) how to respond to China’s rise; (b)

³³ C. Griffin and R. Pantucci, “A Treacherous Traingle?”, *SAIS Review*, 27(1), 2007: 161-170; Nicola Casarini, “What Role for the European Union in Asia? An Analysis of the EU’S Asia Strategy and the Growing Significance of EU-China Relations”, *Current Politics and Economics of Asia*, 17/1: 59-82.

³⁴ Gill, 2008: 271-2

³⁵ Gill, 272-3

stability on the Korean peninsula; and (c) China-Taiwan tensions.³⁶

In recent years, strategic European views of China seem to have become less rosy. Especially after 2006, attempts by the EU and the US to forge closer strategic dialogues on managing and coordinating their policies towards China after the mêlée over Iraq and the arms embargo, seem to have paid off.³⁷ While many European statesmen and analysts see the centre of global economic activity moving steadily towards Asia, they typically lament that Europe has no coherent foreign or security policy with which to defend its economic interests in an increasingly 'Asia-centric' world.³⁸ In July 2012, Catherine Ashton, the High Representative of the European External Action Service (EEAS) and then-US Secretary of State Hilary Clinton signed a memorandum for EU-US coordination on Asian security, without specifying what role the EU could play in Asia.³⁹

Still, pressures to lift the arms embargo persist and have resurfaced every now and then. Catherine Ashton, the High Representative of the European External Action Service (EEAS), presented EU leaders with a policy paper at the December 2010 summit in Brussels in which she described the EU arms embargo with China as a "major impediment for developing stronger" co-operation.⁴⁰

At the 20 September 2012 EU-China summit in Brussels, Wen Jiabao enumerated a list of achievements in EU-China relations under his watch, and expressed solidarity and support for Europe to solve the eurozone crisis.⁴¹ At the same time, he expressed disappointment on two unresolved issues: that the arms embargo had not been lifted after 10 years, and that China's market economy status had not been resolved. He suggested that the European side should take a "greater initiative" to solve these issues.⁴²

³⁶ Nicola Casarini, *Remaking World Order: The Evolution of Europe-China Relations and its Implications for East Asia and the United States* (Oxford: Oxford University Press, 2009): 150.

³⁷ Gill p.276; See also reports by the US-based think tanks Stimson Center. *Transatlantic Dialogue on China: Final Report*. (Washington, DC: Henry L. Stimson Center, 2003); D.C. Gompert, F. Godement, Evan Medeiros, and James Mulvenon, *China on the move: A Franco-American analysis of Emerging Chinese Strategic Policies and Their Consequences for Transatlantic Relations* (Washington DC: RAND, 2005).

³⁸ For example, see op-ed by former German foreign minister Joschka Fischer, "Provincial Europe", *Project Syndicate*, October 12, 2012. Also, "Military chief: EU becoming 'marginal' in Asia-centric world", *EU Observer*, November 1, 2012.

³⁹ Richard Youngs, "Three Chinese tests for Europe". *E!Sharp*, on www.esharp.eu/big-debates/external-action/69-three-chinese-tests-for-europe/, September 2012.

⁴⁰ "Japan: Ashton was wrong on China arms ban", *EU Observer*, May 19, 2011.

⁴¹ Council of the European Union. *Joint Press Communiqué: 15th EU-China Summit Towards a stronger EU-China Comprehensive Strategic Partnership*, September 20, 2012.

⁴² "China pledges continued support to resolve euro crisis, AFP", *EUBusiness*, September 21, 2012; "China tells EU to end arms ban", *EU Observer*, September 20,

The European Security Strategy (ESS) of 2003 had outlined that Europe was committed to multilateralism and preventive diplomacy in solving the security (mainly human security) challenges confronting Europe. At the time, the ESS was at pains to distinguish itself from the unilateralism and pre-emptive doctrine of the United States' National Security Strategy. With the euro crisis and the need for budget cuts since 2009, European defense spending is undergoing cuts and retrenchments. The latest French Defense White Paper, released on 29 April 2013 and an update on the last one in 2008, is expected to be a template for a new ESS. The drafting committee's thinking appears to be dominated by the challenges posed by emerging economies such as China, and the US' strategic re-posturing toward the Asia-Pacific region. The White Paper envisages budget cuts of €60 billion over 5 years, and a defense budget limited to 1.5% of GDP. It recognizes China's role as an important player in international security, but acknowledged that China could also be a security concern because of its numerous maritime disputes in East and Southeast Asia.⁴³

Conclusions

The EU's institutional complexities and the problem of speaking with one voice are well known and are often cited as the main reason for the EU's lack of presence and impact in international politics- aside from international trade and the promotion of normative values. But the deeper issue is the EU's schizophrenia as it comes to terms with a changing world order where the US may no longer be the leading power. Indeed, Obama's 2011 'pivot to Asia' incited much soul searching in Europe, as Europeans felt that they were well and truly being bypassed as the centre of global economic and political decision-making moved towards the Asia-Pacific.

The euro crisis has had the important effect of forcing Europeans to rethink what the ultimate goal of EU integration is, and to consider all kinds of possibilities – whether 'more Europe, less Europe or no Europe'.⁴⁴ They have to fundamentally think about their place in the emerging world order – an order dominated by the United States for decades, but now with China playing an increasingly

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⁴³ D. Fiott, "The French Defence White Paper, 2013: the Global Balance-of-Power and European Defence Policy", *Ideas on Europe*, November 4, 2012. See also French Ministry of Defense, "Le Livre blanc sur la défense et la sécurité nationale (White Paper on defence and national security)", April 29, 2013.

⁴⁴ Mark Leonard, . *Four scenarios for the reinvention of Europe* (London: European Council on Foreign Relations, 2011).

important role in defining norms and structures by what it does (or does not do).⁴⁵ EU responses to China's rise are thus crucial in defining the future of world order in the face of declining American hegemony.

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⁴⁵ Peter J. Katzenstein, *A World of Regions: Asia and Europe in the American Imperium* (Cornell University Press, 2005); Rosemary Foot and Andrew Walter, *China, the United States, and Global Order* (Cambridge: Cambridge University Press, 2011).

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